

City of Long Beach Budget Oversight Committee

Report and Recommendations FY 07 Proposed Budget September 5, 2006

Laura Richardson, Chair
6th District Councilwoman

Gary DeLong, Vice Chair
3rd District Councilmember

Patrick O'Donnell, Member
4th District Councilmember



Executive Summary

- Role of the Budget Oversight Committee (BOC)
 - ✓ Advise City Council on budget-related issues
 - ✓ Examine City Manager proposed solutions
 - ✓ Formulate recommendations
 - ✓ 10 public meetings & Fourth Annual Budget Summit
 - ✓ Ensure actions are consistent with City Council goals and community expectations
 - ✓ Fiscal oversight
- Primary BOC report objectives
 - ✓ Share findings and transmit recommendations
 - ✓ Protect core services and programs



City Council Financial Policies

- 1) Structurally Balanced Budget
- 2) Report on How the Budget is Balanced
- 3) General Fund Reserves
- 4) Use of One-Time Resources
- 5) Use of New Discretionary Revenue
- 6) Accounting and Financial Reporting
- 7) User Fees and Charges
- 8) Grants
- 9) Long-Term Financial Plan
- 10) Debt Issuance



Status of FY 06 Recommendations

- Citywide Fee Study
 - ✓ Implementation of Phase II
 - ✓ Recommendation to City Council to adopt amended Citywide Fee Policy
- Parking Optimization
 - ✓ Hiring a Parking Operations Officer
 - ✓ Implementation of the optimization results initiated
- Contracting-In Opportunities
 - ✓ Consideration of a marketing and workforce capacity analysis
- Redevelopment Agency
 - ✓ Consideration of a Repayment Schedule by the RDA Board



Discussion of FY 07 Recommendations

- 1) Recommend the City Manager identify existing staff to be dedicated to performing a detailed contracting-in marketing and capacity analysis and implement findings in FY 07
 - ✓ Current contracting-in services generate approximately \$18.2 million in annual revenue
 - ✓ Conduct a capacity analysis of City departments
 - ✓ Develop a focused and comprehensive marketing plan
 - ✓ Utilize existing relationships with other local agencies



Discussion of FY 07 Recommendations

- 2) Recommend the City Council approve the BOC agreed upon Redevelopment Agency Repayment Schedule of loans from the City as part of the FY 07 budget adoption and Recommend that North Redevelopment Property Tax Increment generated by port district assets continued to be shared for general City purposes in accordance with the Clarion Study.
 - ✓ Downtown Redevelopment Agency debt to the City (in excess of \$85 million)
 - ✓ RDA adoption of a Repayment Schedule (starts in FY 08)
 - ✓ BOC recommended Repayment Schedule (starts in FY 07)
 - ✓ Clarion Study - \$1.3 million to General Fund (2nd year if implemented)
 - ✓ \$2 million North Port TI Increase



Discussion of FY 07 Recommendations

- 3) Recommend the City Manager pursue the following initiatives, based on Employee Innovation Team Implementation proposals
 - a) Creation of a Revenue Collection Enforcement Team that is charged with maximizing revenue collection
 - ✓ Review City's current revenue streams and subsidies
 - ✓ Develop incentive and performance structures
 - ✓ Create a four phased Action Plan
 - b) Expand the cost recovery program for law violators to all impacted departments with recurring costs
 - ✓ Expand cost recovery efforts beyond the Police Department
 - c) Develop safety programs and preventative measures that provide incentives for reducing Workers' Compensation costs
 - ✓ Expand and/or create safety incentive awards



Discussion of FY 07 Recommendations

- 4) Recommend support of the City Manager's proposed fee increases using the full-cost methodology developed through the fee study, in support of the City Council's newly adopted fee policy
 - ✓ Established a methodology to quantify costs of services delivered
 - ✓ City Council adopted an amended Financial Policy on User Fees and Charges
 - ✓ Generate an additional \$1.4 million in General Fund revenue in FY 07
 - ✓ Eliminate all unwarranted subsidies within 2 to 3 years
- 5) Recommend the City Manager present recommendations to the City Council from the Parking Optimization Study regarding current rates, and develop a Citywide parking strategy that would include meters, structures and lots
 - ✓ Preliminary survey on parking assets, issues and needs
 - ✓ Implement results from optimization study



Discussion of FY 07 Recommendations

- 6) Recommend the development of a multi-year financial strategies and priorities to address critical unmet City infrastructure and Public Safety needs such as:
- **One Time Revenue/Expenditures**
 - a) Streets, alleys, sidewalks, curbs, street drainage and potholes
 - b) Fire and Police facilities
 - **On-Going Revenue/Expenditures**
 - a) Police Officer recruitment and retention
 - b) Library programs, services and hours of operation
 - ✓ Immediate investment needed to avoid greater cost in the future
 - ✓ Recommend to use available unallocated one-time revenue to fund infrastructure repair in FY 07
 - ✓ Concur with Mayor's Recommendation on Police recruitment and retention
 - ✓ Support Mayor's use of \$1.3 million toward restoration of Library hours



Discussion of FY 07 Recommendations

- 7) Recommend the City Manager and City Council evaluate potential April 2008 tax measures and other revenue opportunities during FY 07, including, but not limited to:
- Fee Based Revenue Generating Options not Requiring a Vote of the Public
 - a) Container Fee
 - b) Rental Car Fee
 - Non-resident Tax Generating Options
 - a) Oil Production
 - b) Transient Occupancy
 - Local Resident and Business Tax Generating Options
 - a) Local Parcel
 - b) Mello Roos
 - c) Parking Lot
- ✓ November 2006 – Not an ideal time for tax Initiative
- ✓ Concur with Mayor to reconsider funding alternative in FY 07 or FY 08



Discussion of FY 07 Recommendations

- 8) Recommend reaffirmation of existing City Financial Policies, as amended
- 9) Support the City Manager's proposed enhancements related to Infrastructure and other quality of life issues, which have been identified as core services, community priorities and/or as Mayor and City Council priorities
- 10) Support the fee increases and adjustments proposed by the City Manager and Board of Water Commissioners
- 11) Evaluate and develop long-term financial mechanism to address the on-going graffiti removal program



Recommendations for Future Considerations

- 1) Develop financial strategies to address future liabilities, as identified in the City Manager's Proposed Financial Strategic Plan including annual costs for:
 - a) Negotiated increase for sworn personnel (\$10 - \$15 million)
 - b) Fire and non-sworn personnel negotiations (\$1.5 million)
 - c) City Hall seismic retrofit (\$3.5 million-early estimate)
 - d) Post Employment Benefit Liabilities (\$2.5 million)
- 2) Evaluate and develop financial strategies to address critical unmet City infrastructure needs.
- 3) Continue further discussions of outstanding resident, employee and Innovation Team recommendations



Recommendations for Future Considerations

- 4) Review the progress of the Focus on Results (FOR) Long Beach performance management efforts
- 5) Review and update the City Council Stated Priorities to ensure they reflect the community's needs and include "Reduce poverty in the City of Long Beach"
- 6) Evaluate and develop long-term financial mechanism to increase the Arts Council Budget
- 7) Evaluate and develop long-term financial mechanism to reinstate the Employee Tuition Reimbursement Program
- 8) Review the proposed items for consideration submitted by Councilwoman Schipske

City of Long Beach Budget Oversight Committee

Summary

**Thoughts for Consideration for
FY 07 – FY 08**

